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INFO RUEHGB/AMEMBASSY BAGHDAD 5884
RUEHLB/AMEMBASSY BEIRUT 2820
RUEHEG/AMEMBASSY CAIRO 3580
RUEHDM/AMEMBASSY DAMASCUS 3839
RUEHRH/AMEMBASSY RIYADH 1912
RUEHTV/AMEMBASSY TEL AVIV 1080
RUEHJM/AMCONSUL JERUSALEM 4919
RUEATRS/DEPT OF TREASURY WASHDC
RUEHLMC/MILLENIUM CHALLENGE CORP WASHDC

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SUBJECT: NEARLY SEVEN PERCENT INFLATION IN ONE MONTH REFLECTS FUEL PRICE INCREASES

REF: Amman 670

¶11. (U) Jordan's Department of Statistics reported a 6.54 percent increase in the monthly Consumer Price Average (CPA) between January 2008 and February 2008 - the largest monthly jump in several years - in its March 10 monthly report. This increase follows a 0.7 percent one-month increase from December 2007 to January 2008 (reftel). The report also showed a 12.5 percent increase in prices in February 2008 when compared to the same period last year. The main contributors to these increases have been fuel and electricity (average increase of 43.4 percent); transportation (19.2 percent); dairy products and eggs (40 percent); cereal (26 percent); fruit (21 percent); and beans (24 percent). While most fuel prices were liberalized in February and reflected in this new monthly inflation rate, subsidies for Liquefied Petroleum Gas (LPG), used for home heating and cooking fuel, will not be removed until April 2008.

¶12. (U) Jordan's CPA is based on a basket that is 40 percent food, 26 percent housing, 5 percent clothing, and 29 percent other goods and services, which includes telecommunications, education, health care, and other services. All four elements were reported to be at least eight percent higher in February 2008 than in February 2007, with food prices growing most quickly at 14.9 percent. Across sub-categories, only telecommunications and recreational services showed a decrease in prices compared to the same period last year.

¶13. (SBU) Dr. Mahmoud al-Kafwin, General Manager of the GOJ's National Aid Fund (NAF), told EconOffs March 9 that in spite of the rising prices, he has not seen an increase in the number of aid applicants. Kafwin said that 73,000 Jordanian families currently receive aid from the NAF, and that because of rising fuel prices the maximum NAF stipend was increased from 47 USD to 51 USD per person per month, with the household monthly maximum capped at 255 USD. Aid in Jordan is targeted for families below the poverty line, most often when the father is deceased, disabled, or incarcerated. NOTE: Jordan's poverty line is defined differently by various organizations, but averages between 450 and 550 USD in annual income per person. END NOTE. Kafwin said that NAF stipends are often supplemented by aid from family members or charities.

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